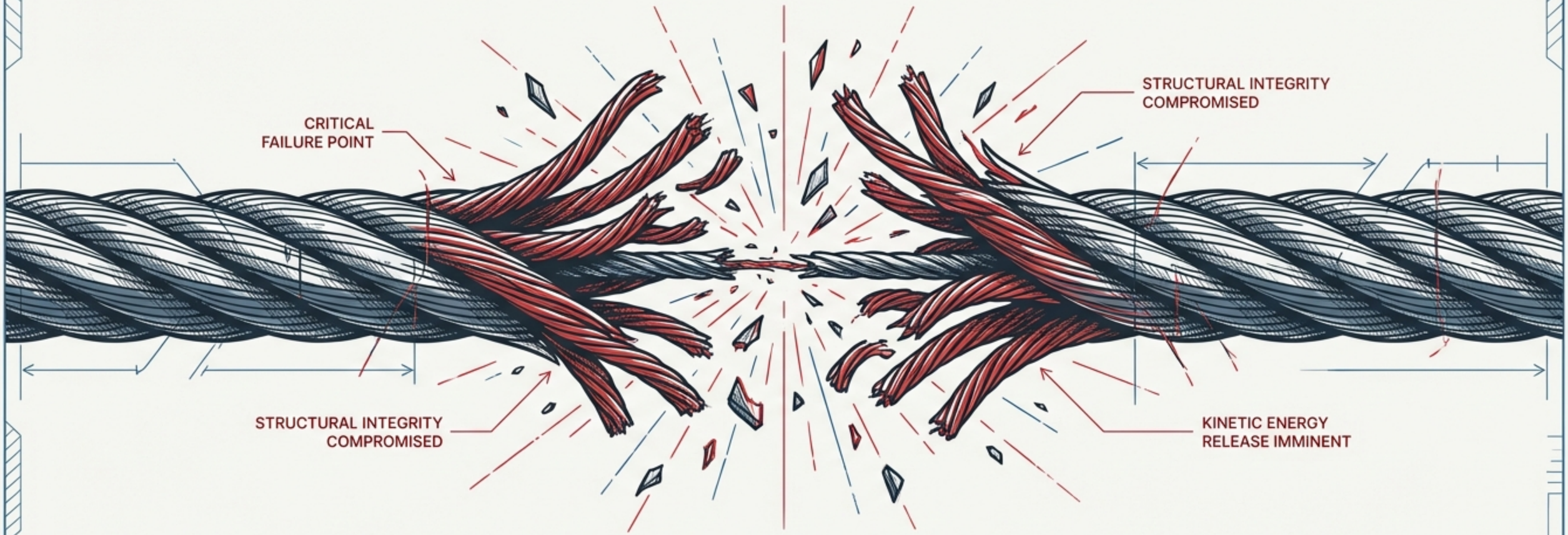
The Everything Bubble: 2026-2027

Why the Upcoming Deleveraging Will Exceed 1929 and 2008 Combined.



A SYSTEMIC RISK ANALYSIS

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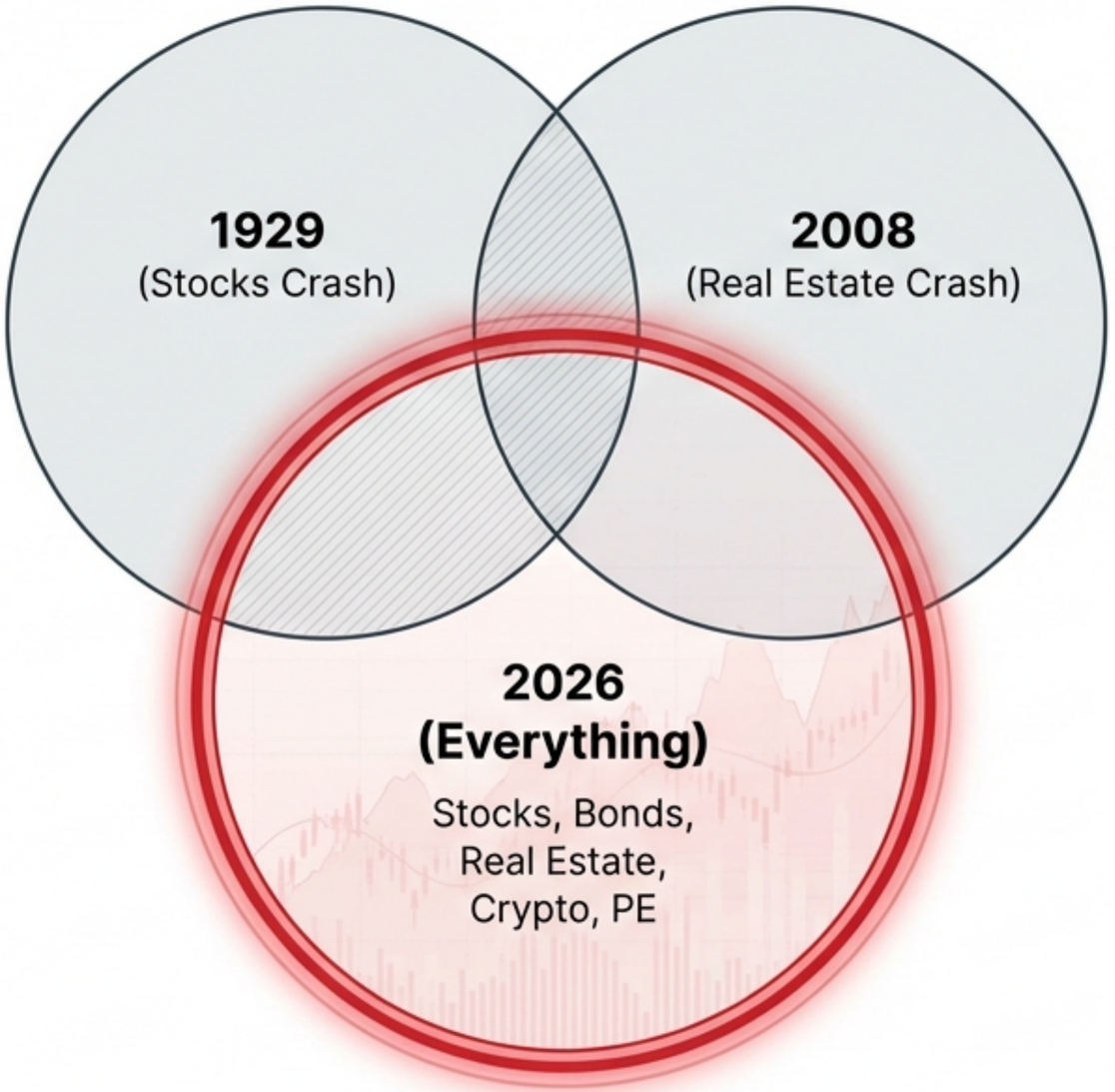
The Historical Anomaly: Zero Refuge



Core Thesis: We face a unique convergence where every asset class is simultaneously overvalued while global debt hits record highs. Unlike 1929 or 2008, there is no “flight to safety” asset available.

Wealth Destruction

Global: **$88 Trillion**
US: **$34 Trillion**

Critical Window

Trigger: **Q1 2026**
Stagflation: **Q4 2027**

The Mechanism

Asset Correlation: **1.0**
(Stocks + Bonds + Real Estate)

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Structural Fragility Exceeds Previous Crises

	1929	2008	2026 (Projection)
Market Exposure	2.5% Population Owns Stocks (Concentrated)	Direct Exposure Limited	**58%** Population Owns Stocks (Universal Pain)
Leverage (Debt to GDP)	190%	350%	**140%** Public + Hidden Shadow Leverage
Safe Havens	Bonds Held Value	Bonds Rallied / Gold Rallied	**Zero.** Bonds Crash with Stocks.
Fed Ammunition	N/A	Rates at 5.25% (Room to Cut)	Balance Sheet $7.4T (Exhausted)

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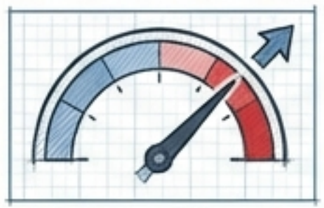
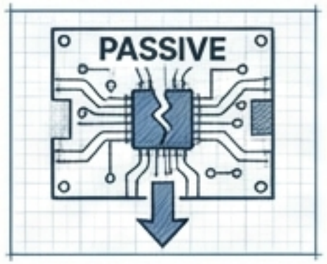
Seven Systemic Amplifiers



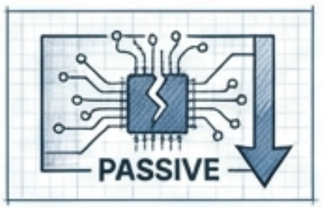
Simultaneous Overvaluation
Every asset class is 40-150% above historical means.

Exponential Debt
US Debt at 140% GDP (1.5x higher than 2008).

Fed Exhaustion
Cannot print $10T without destroying Dollar confidence; rates offer limited cutting room.



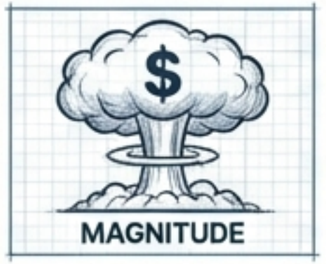
Passive Fragility
$11T in passive funds (vs $1.2T in 2008) guarantees mechanical selling.



Passive Fragility
$11T in passive funds (vs $1.2T in 2008) guarantees mechanical selling.

Universal Exposure
150 million Americans' retirement savings are at risk (58% ownership).

Instant Contagion
Algorithmic trading spreads crashes globally in hours, not weeks.



Unprecedented Magnitude
The sheer volume of wealth to be vaporized exceeds any historical precedent.

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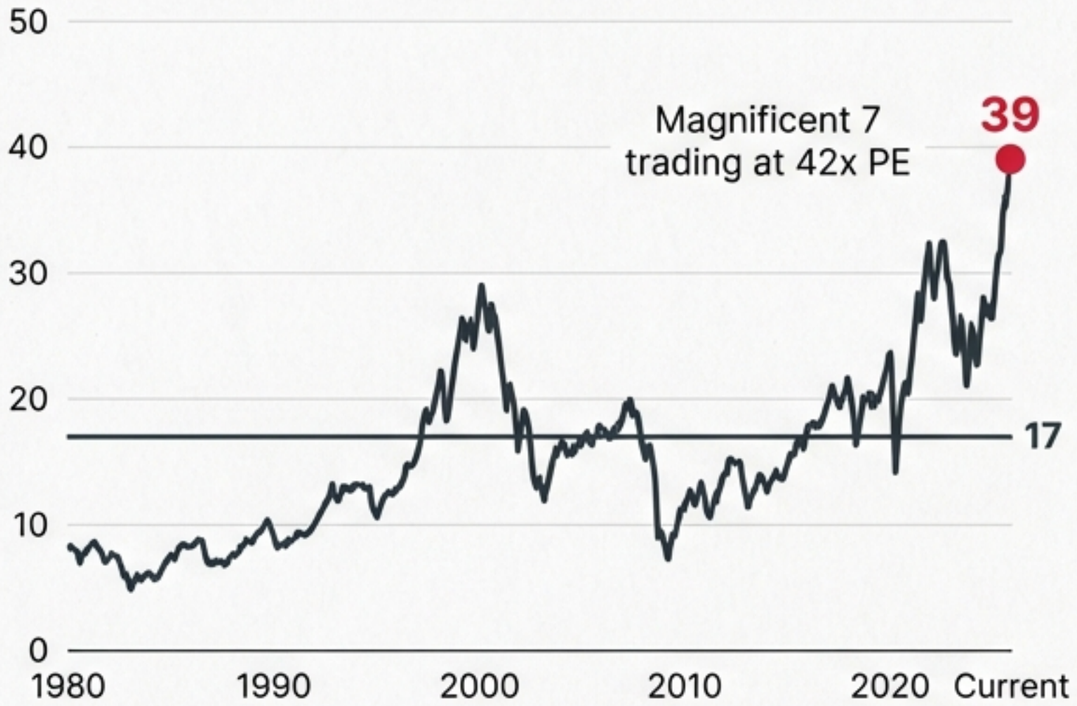
Bubbles 1 & 2: The Equity-Debt Trap

EQUITIES

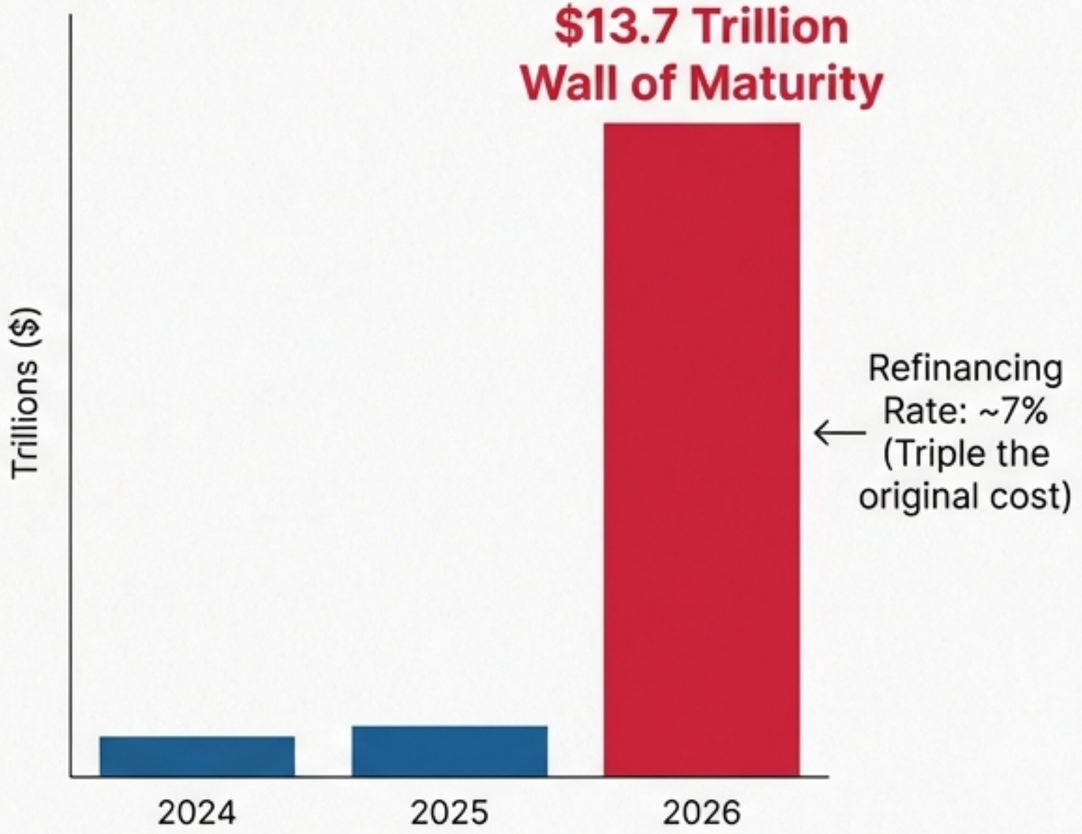
S&P 500 Shiller CAPE Ratio



Buffett Indicator: 230%

CORPORATE DEBT

Debt Maturity Schedule



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Bubbles 3 & 4: The Real Estate Insolvency

Commercial Real Estate (The Hidden Loss)

Book Value: $180 Billion

True Market Value: $90 Billion

⚠ **Extend and Pretend**: Banks carrying assets at insolvency levels. $600-$800B in realized losses pending.

Residential Real Estate (The Affordability Gap)

$400k Home @ 2.7% Rate → **Monthly Payment X**

$280k Home @ 6.8% Rate → **Monthly Payment X**

30-40% Price Drop Required for Equilibrium

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Bubbles 5, 6, & 7: The Illusion of Safety

Why Diversification Will Fail

Private Equity

Leverage Trap.
2020-2021 LBOs face 30-40% default rates. Losses currently hidden by reporting lags, realizing in 2027.

Crypto

Liquidity Proxy.
$1.7T market cap purely driven by leverage. Correlated 1:1 with risk assets. Will be liquided first for margin calls.

Government Bonds (The Primary Danger)

The Safe Haven Paradox.

- **Total Debt:** $362T.
- **Mechanism:** Fed prints to save system -> Inflation Spikes -> **Yields Rise** -> **Bond Prices Crash**.
- **Result:** Bondholders face ~25% losses alongside stocks.

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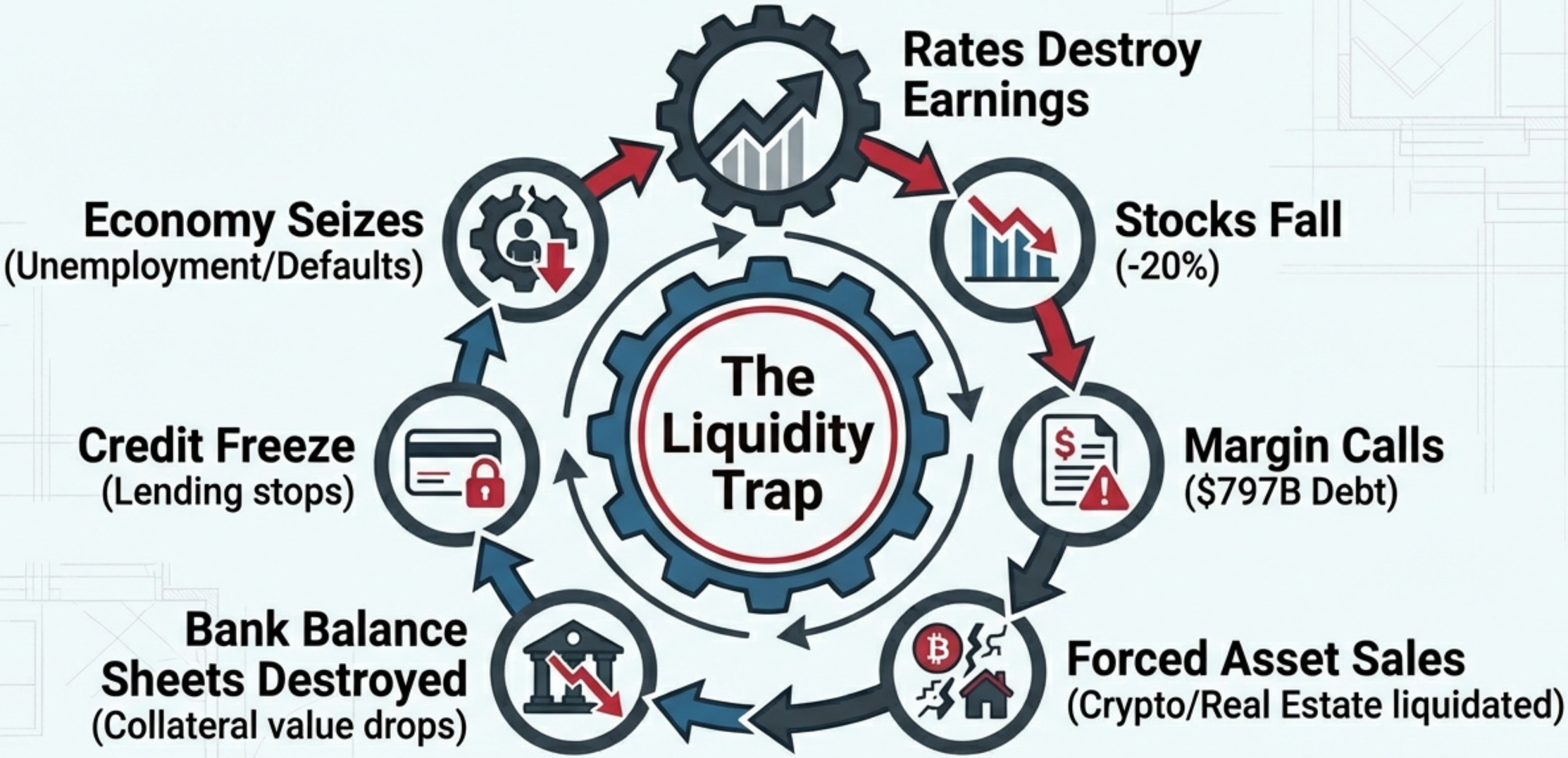
The Feedback Loop: A Single Liquidity Crisis



These are not separate problems; they are one connected mechanism of leverage.

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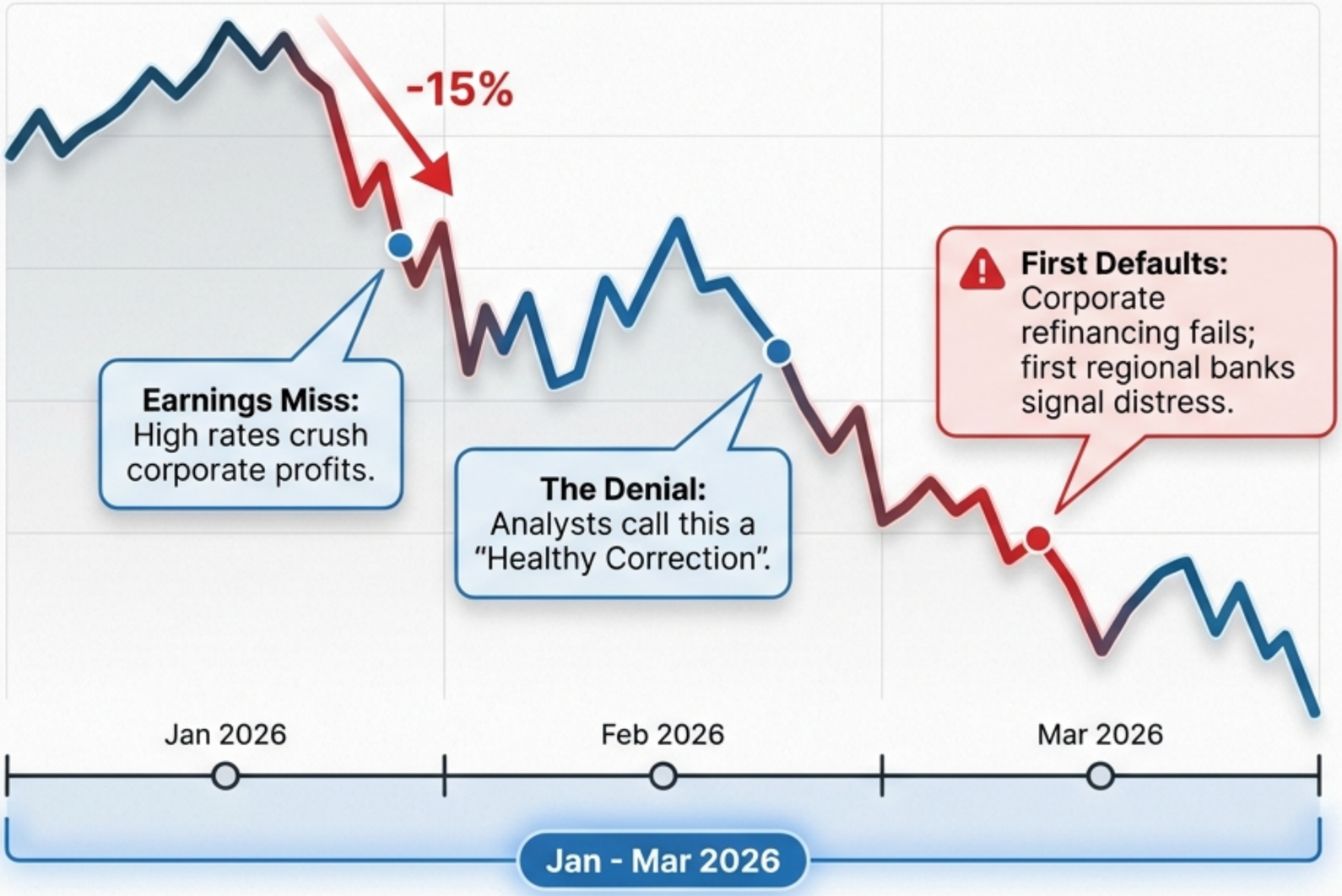
Timeline Phase I: The Trigger (Q1 2026)



Q1 Outlook

S&P 500: Down ~20%

Sentiment: Caution, not Panic

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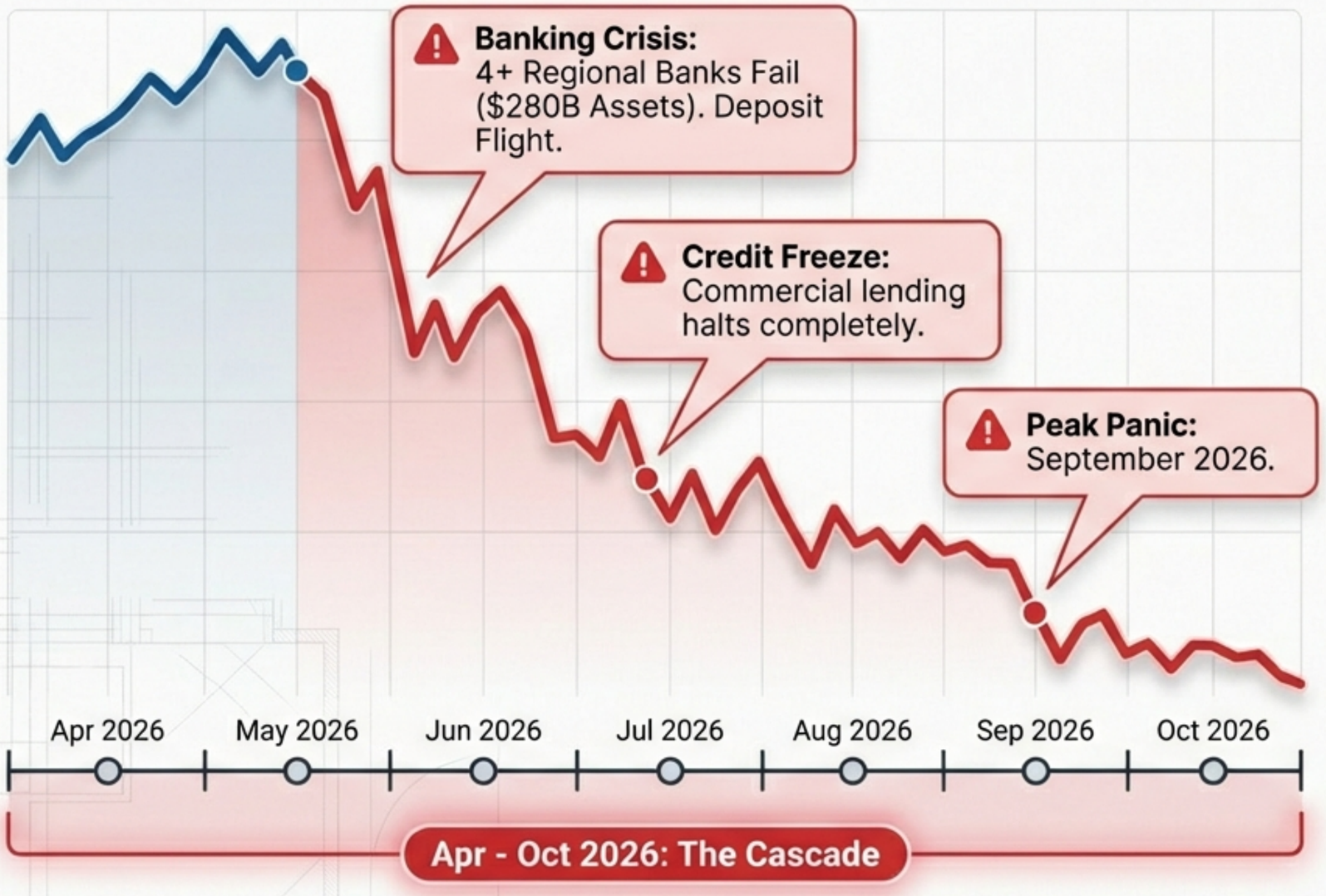
Timeline Phase II: The Cascade (Q2 - Q3 2026)



STAT ATTACK

Stocks: -58%

Unemployment: 8.1%

VIX: 52

No Refuge:
Bonds & Gold Sell Off

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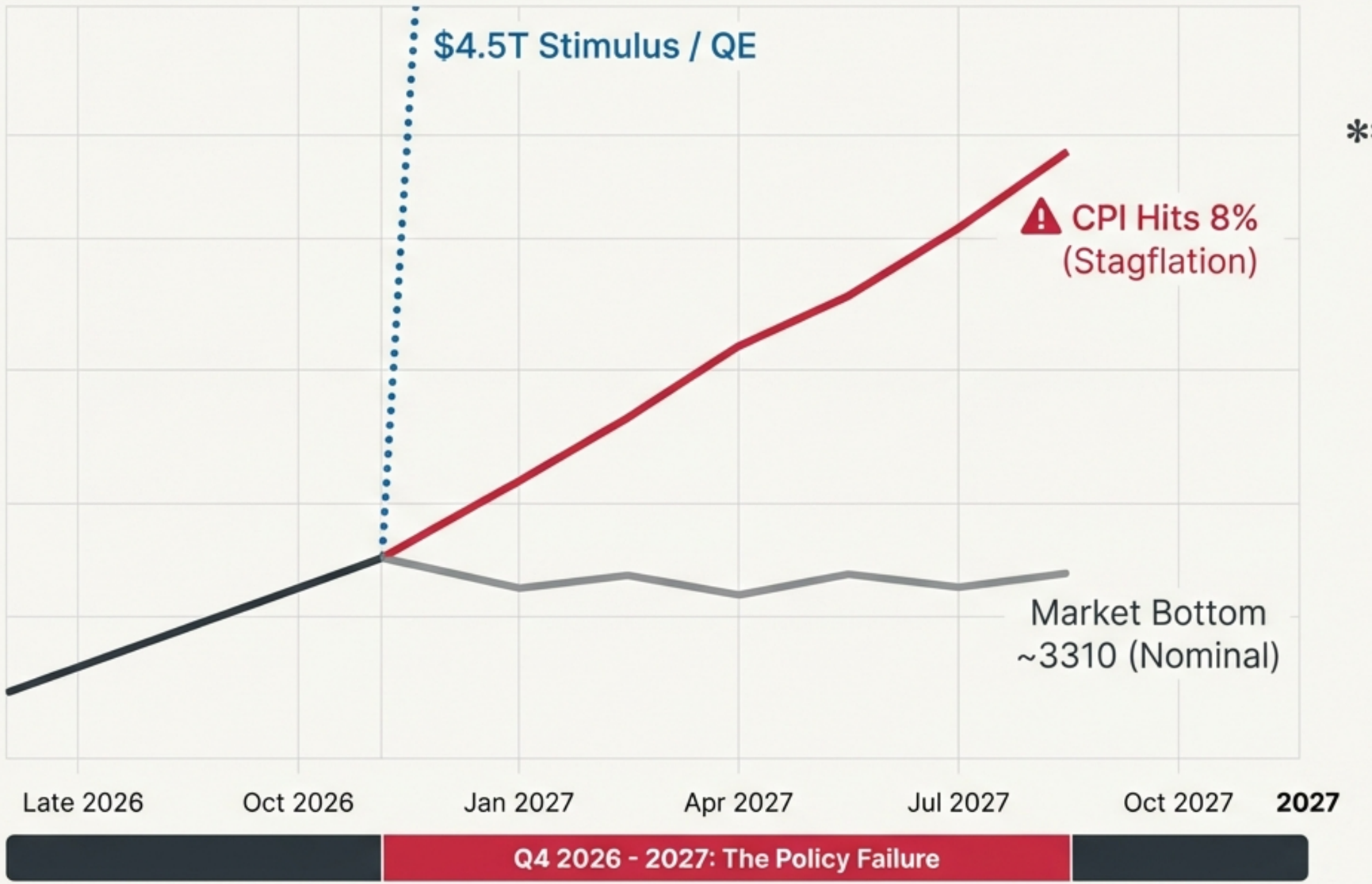
Timeline Phase III: The Policy Failure (Q4 2026 - 2027)



The Stagflation Trap

The Fed cuts rates to zero and prints trillions. However, supply shocks and loss of confidence cause inflation to spike.

Bond yields *rise* to 6.2%, punishing the "flight to safety".

Real wealth is destroyed by currency debasement.

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The Human Cost: Divergent Outcomes

THE DESTROYED

Date: 09.23.2025

Persona: The 60/40 Investor.

Portfolio: $1.2M (60% Stock / 40% Bond)

Result: **Stocks -55%, Bonds -25%.**

Status: Retirement delayed indefinitely.

The 2021 Homebuyer (Underwater)

- Stocks -55%, Ligh Investor month
- Deploys retirement 60% Stock / 40% Bond

The Laid-off Employee (Unvested Stock)

- Under tedoasting Invested month
- A Laid-off Employee Unvested Stock

THE SURVIVOR

Date: 19.13.2026

Persona: The Liquidity King.

Action: Moved to Cash/T-Bills in Jan 2026.

Result: **Portfolio -11% (minor currency fluctuations).**

Status: Deploys cash at Q4 2026 bottom. Buys assets at 50 cents on the dollar.

Key Insight: "Cash is not trash; it is the only option."

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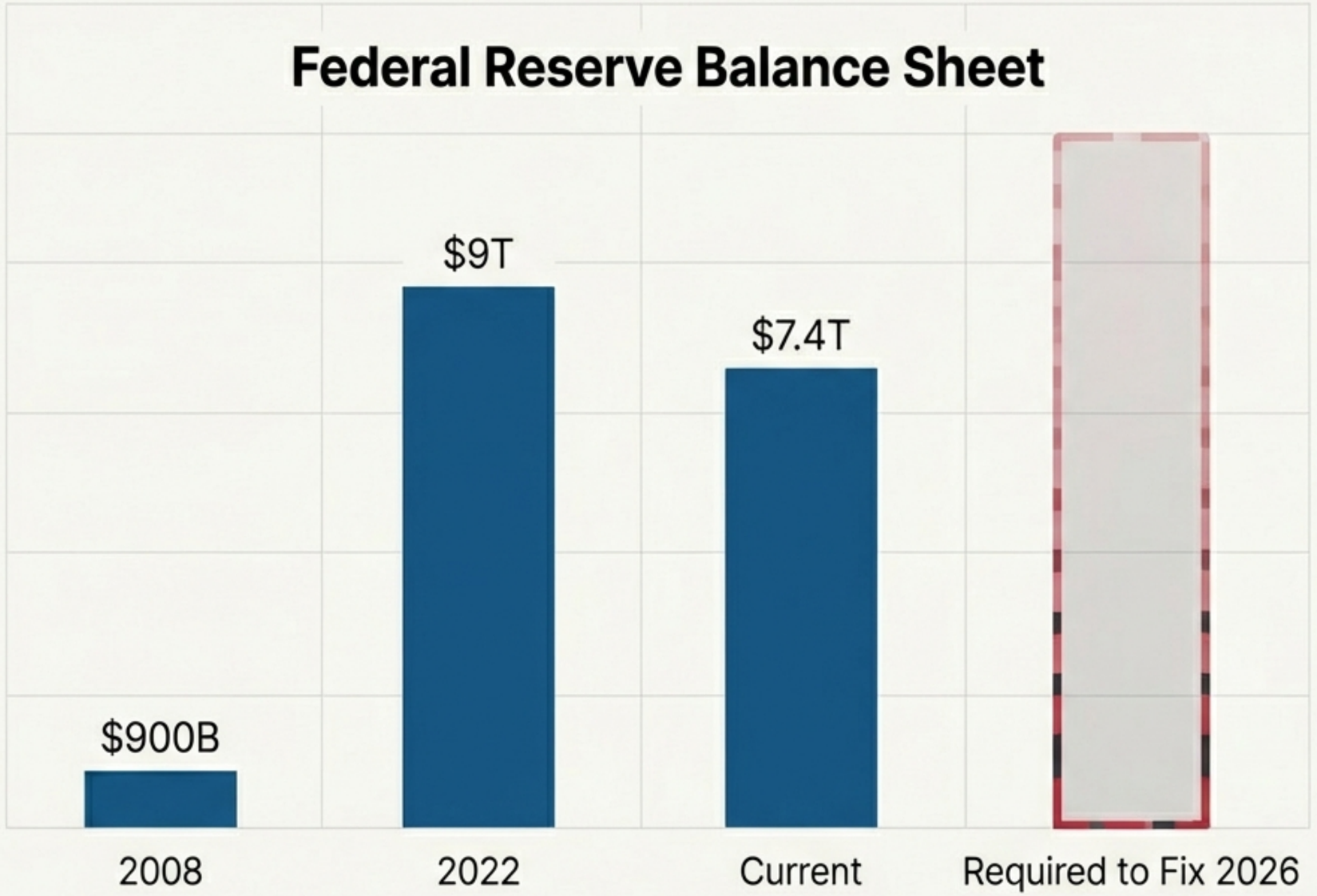
Why the ‘Fed Put’ Is Dead



+$10 Trillion?

IMPOSSIBLE. Printing >2008 GDP **would destroy the Dollar's reserve status.**

- **Political Gridlock:** Polarization delays stimulus.
- **Inflation Trap:** Printing creates inflation, not growth.
- **Conclusion:** The cavalry is not coming.

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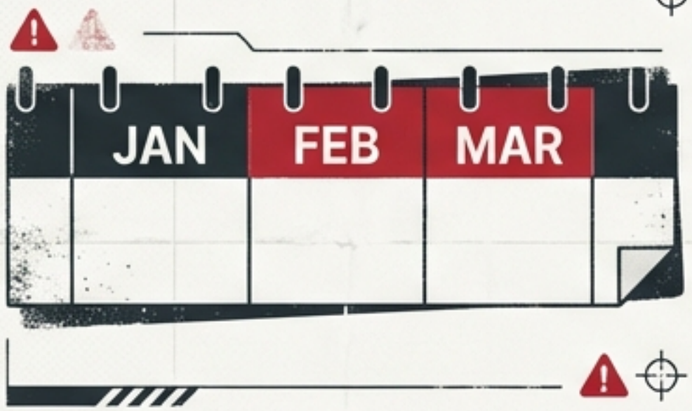
The Survival Protocol

THE WINDOW (Jan - March 2026)



Move to Liquidity.

Sell Overvalued Equities & Long-Duration Bonds.

THE ALLOCATION

- **Hold: USD Cash & Short-Term Treasuries (T-Bills).**

Avoid 'Diversified' baskets; correlations are 1.0.

THE RE-ENTRY (Q4 2026)

Deploy Capital.

Wait for 50-60% drawdown. Buy productive assets and tangible equities when blood is in the streets.

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The Mathematics Guarantee It

The debt levels require deleveraging.
The interconnections ensure it is systemic.
The policy exhaustion ensures it is prolonged.

Final Takeaway: When everything is overvalued simultaneously, everything corrects simultaneously. There is no diversification—only liquidity.

Disclaimer: This is an analysis of systemic risk, not financial

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